

# [News story: New rules to keep the UK's reinsurance market competitive](#)

New [regulations](#), published today (20 July 2017), introduce a competitive regulatory and tax regime for [Insurance Linked Securities](#) which will ensure that UK gets a share of this rapidly growing market.

Insurance Linked Securities allow insurance and reinsurance firms to transfer risk to the capital markets, meaning that risk can be managed more effectively for businesses and consumers.

Insurance Linked Securities, sometimes known as catastrophe bonds, are normally used to insure against extreme risks, such as earthquakes and hurricanes.

Over \$80 billion of Insurance Linked Securities have been issued to date, with over \$10 billion issued in 2017 alone. It is a rapidly growing market with research showing that it could grow to an estimated \$87 billion by 2019. The [regulations](#) will be laid before Parliament after summer recess and will come into force in the autumn of this year.

They set out how to establish special vehicles to issue Insurance Linked Securities, the legal framework for Insurance Linked Securities, and the associated tax treatment. The regulations also provide for a tailored and proportionate approach to authorisation and supervision.

By publishing these regulations today the UK government is giving the insurance and reinsurance industry greater certainty in how the new regime will work— enabling them to be on the front foot in preparing for the new rules when they come into force in autumn.

Economic Secretary to the Treasury, Stephen Barclay said:

This new bespoke regime for Insurance Linked Securities will ensure the UK remains the most competitive insurance and reinsurance hub in the world.

This global business is evolving rapidly and we are determined to make sure we're part of this evolution.

Malcolm Newman, Chairman of the London Market Group's ILS Taskforce said:

The new ILS framework offers a very exciting future for the London Market to continue to deliver innovative new products that make a real difference. I am proud that the LMG has helped lead the development of these proposals.

We believe there is a real appetite in the London Market to invest in ILS products which will bring investors to the UK and make a significant contribution to growing the UK's trade.